

MSINGA MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2007

In terms of section 126 (1) of the Municipal Finance Management Act ,
I am responsible for the annual financial statements, which are set out on pages 2 to 32, and
which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 24 of
these annual financial statements are within the upper limits of the framework envisaged in
Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and
the Minister of Provincial and Local Government's determination in accordance with this Act.

MUNICIPAL MANAGER

Date

<u>INDEX</u>	<u>Page</u>
Accounting Officers Report	3
Statement of Financial Position	5
Statement Of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Accounting Policies	9
Notes to the Annual Financial Statements	16
Appendix A: Schedule of External Loans	28
Appendix B: Analysis of Property, Plant and Equipment	29
Appendix C: Segmental Analysis of Property, Plant and Equipment	30
Appendix D: Segmental Statement Of Financial Performance	31
Appendix E (1): Actual versus Budget (Revenue and Expenditure)	32
Appendix E(2) Actual versus Budget (acquisition of Property, Plant and Equipment)	33
Appendix F: Disclosures of Grants and Subsidies in Terms of the Municipal Finance Management Act	34

ACCOUNTING OFFICERS REPORT TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. Financial Statement Ratio

	<u>2007</u> %	<u>2006</u> %
<u>Budgeted Expenditure</u>		
Personnel Cost	21	25
Remuneration of Councillors	13	11
Bad debts	2	3
Depreciation Expense	6	9
Repairs and Maintenance	1	1
Contracted Services	4	6
Grants and subsidies	20	-
General Expenditure	33	45

2. Post balance Sheet Events

Nil

3. Reconciliation of Budget to Actual Results

3.1 Operating Budget

	<u>R</u>
Budget deficit before appropriations	39,771
Revenue variances	11,272,989
Expense variances:-	
Personnel cost	(975,968)
Remuneration of Councillors	(89,275)
General expenses	(1,969,585)
Repairs and maintenance	228,171
Provision for depreciation	888,250
Contribution	815,596
Contracted services	(274,478)
Grants and subsidies paid	(1,034,701)
Actual surplus before appropriation	13,684,979

The positive revenue variance are explained in annexure "E1" to the financial statements

Major variations from expenditure budget are explained in annexure "E1" to the financial statements.

3.2 Capital Budget

CAPITAL EXPENDITURE ACCORDING TO TYPE	ACTUAL 2007 R	BUDGET 2007 R	VARIANCE R
LAND		-	-
FENCING	-	-	-
BUILDINGS	1 444 382	1 800 000	355 618
AIR CONDITIONERS	-	-	-
PLANNING	-	-	-
CONSTRUCTION WORKS	6 086 247	6 800 000	713 753
FURNITURE	13 268	150 000	136 732
OFFICE & ACCOUNTING	85 392	100 000	14 608
MACHINES	-	-	-
TOOLS	-	-	-
MACHINERY	273 828	320 000	46 172
VEHICLES & TRACTORS	-	-	-
SPECIALISED VEHICLES	-	-	-
CELL PHONES & RADIOS			
	7 903 117	9 170 000	1 266 883

WORD OF THANKS

The Mayor, the Chairman and members of the Executive Committee, Councillors and Departmental Heads are thanked for the support they have given me during the 2006/2007 financial year.

A special word of thanks to the staff of the Treasury Department for their efforts to prepare these financial statements.

F B Sithole
Municipal Manager
Msinga Municipality

MSINGA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Note	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net assets		54,114,793	39,949,021
Housing Development Fund			
Capital Replacement Reserve		689,003	689,003
Government grant reserve		23,203,954	17,749,087
Accumulated Surplus		30,221,835	21,510,931
Non - current liabilities			
Non - current provisions			
Current liabilities		23,900,559	16,343,730
Creditors	6	1,776,749	2,146,012
Unspent conditional grants and receipts	7	22,102,463	14,178,748
Value Added Tax	8	21,347	18,970
Total Net Assets and Liabilities		<u>78,015,351</u>	<u>56,292,751</u>
ASSETS			
Non - current assets		23,006,246	17,879,435
Property , plant and equipment	10	23,026,246	17,751,379
Investment property			
Investments			
Long term receivables	13	0	128,056
Current assets		54,989,105	38,413,316
Inventory			
Consumer debtors	15	133,883	134,834
Other debtors	16	171,117	236,676
Current portion of long term receivables	13	143,077	1,534,306
Value added tax			
Call investment deposits		37,912,477	31,829,131
Bank balances and cash		16,628,551	4,678,369
Total Assets		<u>78,015,350</u>	<u>56,292,751</u>

**MSINGA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2007**

BUDGET		REVENUE	Note	ACTUAL	
2006	2007			2007	2006
R	R			R	R
40,000	50,000	Property rates	19	441,045	514,677
		Property rates - penalties imposed and collection charges		0	230,810
		Service charges	20	20,940	27,685
19,000	21,380	Rental of facilities and equipment		208,291	258,272
960,000	1,450,000	Interest earned - external investments		3,351,401	2,258,778
45,000	20,000	Interest earned - outstanding debtors		20,478	34,449
		Fines		0	
		Licences and permits		0	
		Income for agency services		0	
20,726,000	28,259,014	Government grants and subsidies	21	37,031,228	23,456,360
		Other income		0	
		Gain on disposal of property, plant and equipment			
<u>21,790,000</u>	<u>29,800,394</u>	Total Revenue		<u>41,073,383</u>	<u>26,781,031</u>
		EXPENDITURE			
5,551,235	6,155,416	Employee related costs	23	5,179,448	5,173,763
2,315,500	3,837,058	Remuneration of Councillors	24	3,747,783	2,118,937
583,000	617,980	Bad debts		1,433,576	624,340
		Collection costs		0	
1,946,709	1,740,000	Depreciation		2,628,250	1,949,279
280,600	310,636	Repairs and maintenance		538,807	118,737
1,390,000	1,193,400	Contracted services		918,922	1,239,632
	6,150,000	Grants and subsidies paid	27	5,115,299	2,110,284
9,719,046	9,835,675	General expenses		7,866,090	8,197,280
		Loss on disposal of property, plant and equipment		0	
<u>21,786,090</u>	<u>29,840,165</u>	Total Expenditure		<u>27,428,175</u>	<u>21,532,252</u>
<u>3,910</u>	<u>(39,771)</u>	Surplus (Deficit) for the year		<u>13,645,208</u>	<u>5,248,779</u>
		Refer to Appendix E .1 for explanation of variances			

MSINGA LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

	Pre-GRAP Reserves and Funds R	Non- distributable Reserves R	Housing Development Fund R	Capital Replacement Reserve R	Capitalisation Reserve R	Government Grant Reserve R	Revaluation Reserve R	Accumulated Surplus R	Total R
2006									
Balance at 30 June 2006	689,004	21,170,977						21,510,931	43,370,912
Implementation of GRAP(note 29)	(689,004)	(21,170,977)		689,004		17,749,087			(3,421,890)
Restated balance at 1 July 2006	0	0	0	689,004	0	17,749,087	0	21,510,931	39,949,022
2007									
Surplus for the year								13,645,208	13,645,208
Grants transferred								520,563	520,563
Transfer to Capital Replacement Reserve									
Property, Plant and equipment purchased						7,903,117		(7,903,117)	0
Capital grants used to purchase PPE									0
Asset disposals									
Offsetting of Depreciation						(2,628,250)		2,628,250	0
Balance at 30 June 2007				689,004		23,023,954		30,221,835	54,114,793

MSINGA LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	<u>2007</u> R	<u>2006</u> R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		46,646,057	28,097,486
Cash paid to suppliers and employees		(24,188,869)	(18,901,961)
Cash generated from (utilised in) operations		22,457,188	9,195,525
Interest received	30	3,351,401	2,432,535
NET CASH FROM OPERATING ACTIVITIES		<u>25,808,589</u>	<u>11,628,060</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(7,903,117)	(4,470,416)
Purchase of housing infrastructure			
Proceeds on disposal of property, plant and equipment			
(Increase) decrease in investment properties			
(Increase) decrease in non - current receivables		128,056	324,349
(Increase) decrease in non - current investments			
(Increase) decrease in call investments		(6,083,346)	(5,350,714)
NET CASH FROM INVESTING ACTIVITIES		<u>(13,858,407)</u>	<u>(9,496,781)</u>
CASH FLOWS FROM FROM FINANCING ACTIVITIES			
New loans raised (repaid)			
Increase (decrease) in consumer deposits			
Increase (decrease) in short term loans			
NET CASH FROM FINANCING ACTIVITIES			-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>11,950,182</u>	<u>2,131,279</u>
Cash and cash equivalents at the beginning of the year		4,678,369	2,547,091
Cash and cash equivalents at the end of the year		16,628,551	4,678,369
		<u>(11,950,182)</u>	<u>(2,131,278)</u>

MSINGA MUNICIPALITY: ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of :

- General Notice 991 of 2005, issued in Government Gazette No. 28095 of 15 December 2005;
- General Notice 992 of 2005, issued in Government Gazette no. 28095 of 7 December 2005.

The Standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investment in Associates
GAMAP 8	Financial Reporting of Interests in joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset

These accounting policies are consistent with those of the previous financial year, except as indicated in Note 29. Comparative amounts have been restated to the extent possible.

The Municipality may have transactions, events or balances that are not covered by the above GRAP and GAMAP .Standards have been developed in accordance with paragraphs 7,11 and 12 of GRAP 3 These accounting policies and the applicable disclosures have been based on Standards Of International Public Sector Accounting Standards (PSAS) issued by the International Federation of Accountants-Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Boards of Generally accepted Accounting Practice issued by the South African Accounting Practice Board (IAS) issued by the International Accounting Standards Boards of Generally Accepted Accounting Practice issued by the South African Accounting Practice Boards and the South African Institute of Chartered Accountants' Accounting Practice Committee.

The Minister of Finance has, in terms of General Notice 552 of 2007 – Gazette 30013 – exempted compliance with certain of the above mentioned standards and aspects or parts of

**MSINGA MUNICIPALITY: ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 01 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 01 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipality area subject to the approval of the Provincial MEC responsible for housing.

5. RESERVES

5.1 Capital Replacement Reserves (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of a Council resolution. A corresponding amount is transferred to a designated CRR bank or Investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.

During the year under review, the above policy was not applied. Instead an amount equal to the expenditure from the CRR was transferred to the Capitalisation Reserve to finance future depreciation charges

This will be revised with effect from the 2007/2008 financial year in line with the prescribed policy.

5.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment, have been transferred to a Capitalisation Reserve instead of the accumulated surplus in terms of a directive (budget circular) issued by

**MSINGA MUNICIPALITY: ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

The balance in the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus.

When an item of property, plant and equipment is disposed of, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus.

5.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus equal to the amount of the annual depreciation. The purpose of this policy is to promote community equity by ensuring that future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

5.4 Donations and Public Contribution Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus to the Donations and Public Contribution Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed of, the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation. Land is not depreciated as it is deemed to have an indefinite life.

**MSINGA MUNICIPALITY: ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

The cost of items of property, plant and equipment acquired in exchange for a non-monetary or monetary asset, or a combination of monetary and non-monetary assets is measured at its fair value. If the cost cannot be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset is met.

Depreciation is calculated based on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

	YEAR	OTHER	YEARS
Infrastructure			
Roads and Paving	10-20	Buildings	30
Pedestrian Malls	30	Specialist vehicle	10
Electricity	20-30	Other Vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and Fitting	7-10
Housing	30	Watercraft	15
		Bins and containers	5
Community		Specialised plant and equipment	10-15
Buildings	30	Other items of plant and equipment	2-5
Recreation Facilities	20-30	Landfill sites	15
Security	5		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

In 2006/2007 the requirements of GAMAP 17 and IAS 36 were not complied with as follows:

- Review of useful life of items of property, plant and equipment recognized in the annual financial statements.
- Review of depreciation method applied to property, plant and equipment recognized in the annual financial statements
- Testing for and impairing any items of property, plant and equipment recognized in the annual financial statements

This is due to the exemption granted in Gazette 30013 (see 1 above and note 10 to financials)

**MSINGA MUNICIPALITY: ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

7. INVESTMENTS

Financial Instruments

Financial Instruments, which include fixed deposits and short-term deposits invested in registered banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance

8. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. The basis of determining cost is the weighted average method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overheads costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regards to their estimated economic or realisable values.

9. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

10. TRADE CREDITORS

Trade creditors are stated at their nominal value.

11. REVENUE RECOGNITION

11.1 Revenue from exchange transactions

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Interest and rentals are recognised on a time proportionate basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

**MSINGA MUNICIPALITY: ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of an agency agreement.

Finance income from the sale of housing by way of instalment sales, agreements or finance leases is recognised on a time proportionate basis.

Revenue from the sale of goods is recognised when the risk has passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment when such item of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

11.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible Councillors or officials is virtually certain.

12. CONDITIONAL GRANT AND RECEIPTS

Revenue received from conditional grants and donations is recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligation have not been met, a liability is recognised.

13 PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the municipality.

**MSINGA MUNICIPALITY: ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

14. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of six months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdraft.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

15. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal System Act (Act No. 32 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. COMPARATIVE INFORMATION

18.1 Current Year Comparatives

Budgeted amounts have been included in the annual financial statements for the current and previous financial years

18.2 Prior Year Comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified.

MSINGA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	<u>2007</u> R	<u>2006</u> R
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund		
Total Housing Development Fund Assets and Liabilities		
2 Long Term Liabilities		
3 Non - Current Provisions		
4 Consumer Deposits		
5 Provisions		
Performance bonus		
Current portion of long - service provision (see note 3)		
The movement in provisions is reconciled as follows:		
Balance at beginning of year		
Contributions to provisions		
Expenditure		
Transfer from non - current provisions		
Balance at end of year		
6 Creditors		
Trade creditors	1,514,150	1,928,155
Payments received in advance		
Retention		
Staff leave	258,390	204,660
Deposits other	670	670
Other creditors	3,539	12,527
	<u>1,776,749</u>	<u>2,146,012</u>
7 Unspent Conditional Grants and Receipts		
7.1 Conditional grants from other spheres of government(see note 21)	22,102,463	14,178,749
7.2 Other conditional receipts		
Public contributions		0
Total conditional grants and receipts	<u>22,102,463</u>	<u>14,178,749</u>
Refer Appendix F		
These amounts are invested in a ring – fenced investment until utilised.		

MSINGA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

			<u>2007</u> R	<u>2006</u> R		
8	VAT					
	VAT payable		21,347	18,970		
			21,347	18,970		
	VAT is payable on the receipts basis					
9	Short Term Loans					
10	Property, Plant and Equipment					
	Reconciliation of carrying value	Land and Buildings R	Infra-structure R	Community R	Other R	Total R
	Carrying value at 1 July 2006	5,650,928	5,726,448	773	6,369,533	17,747,682
	Cost	6,011,040	7,266,109	4,622	10,710,118	23,991,889
	Revaluation					
	Accumulated depreciation					
	- Cost	(360,112)	(1,539,661)	(3,849)	(4,340,585)	(6,244,207)
	- Revaluation					
	Acquisitions	1,444,382	6,086,247		372,488	7,903,117
	Capital under construction					
	Increases (decreases) in revaluation				3,697	3,697
	Depreciation					
	- based on cost	(263,315)	(869,473)	(371)	(1,495,091)	(2,628,250)
	- based on revaluation					
	Carrying value of disposals					
	Cost/revaluation					
	Accumulated depreciation					
	Carrying value at 30 JUNE 2007	6,831,995	10,943,222	402	5,254,324	23,026,246
	Cost	7,455,422	13,352,356	4,622	11,086,303	31,898703
	Revaluation					
	Accumulated depreciation					
	- Cost	(623,427)	(2,409,134)	(4,220)	(5,835,676)	(8,872,457)
	- Revaluation					
	Reconciliation of carrying value					
	Carrying value at 1 July 2005	4,442,993	4,801,962	3,873	5,977,709	15,226,537
	Cost	4,641,018	5,401,780	4,622	9,474,053	19,521,473
	Revaluation					
	Accumulated depreciation					
	- Cost	(198,025)	(599,818)	(749)	(3,496,344)	(4,294,936)
	- Revaluation					
	Acquisitions	1,370,022	1,864,329		1,236,065	4,470,416
	Capital under construction					
	Increases (decreases) in revaluation					
	Depreciation					
	- based on cost	(162,087)	(939,851)	(3,100)	(844,241)	(1,949,279)
	- based on revaluation					
	Carrying value of disposals					
	Cost/revaluation					
	Accumulated depreciation					

MSINGA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Land and Buildings R	Infrastr- ucture R	Community R	Other R	Total R
Carrying value at 30 JUNE 2006	5,650,928	5,726,448	773	6,369,533	17,747,682
Cost	6,011,040	7,266,109	4,622	10,710,118	23,991,889
Revaluation					
Accumulated depreciation					
- Cost	(360,112)	(1,539,661)	(3,849)	(4,340,585)	(6,244,207)
- Revaluation					

Refer to Appendix B for more detail on property, plant and equipment

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemising all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2009. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been calculated for each category of infrastructure and community assets using global historical costs recorded in the accounting records.

	<u>2007</u> R	<u>2006</u> R
11 Investment Property Valuation	0	0
12 Investments - Non - Current	0	0
13 Long Term Receivables		
Vehicle loans	143,077	345,340
Sundry loans	977,943	1,317,022
Provision for bad debt	(977,943)	
	<hr/> 143,077	<hr/> 1,662,362
Less: Current portion transferred to current receivables	<hr/> 143,077	<hr/> 1,534,306
	<hr/> 0	<hr/> 128,056

Vehicle Loans

These loans were granted to staff at a subsidised interest rate of 8,5 per cent per annum in accordance with the Council's Vehicle Loan

MSINGA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007 **2006**
R R

Scheme.

These loans are being phased out in accordance with the provisions of the Municipal Finance Management Act

Sundry Loans

This interest free loan refers to grants paid by Central Government to the District Municipality on behalf of Msinga Municipality as well as amounts due to Uthekela Water (Pty) Ltd.

There is no fixed repayment period. Payments made by the District Municipality on behalf of Msinga are set off against the District Municipality loan.

14 Inventory

Consumable stores at cost

Maintenance materials at cost

Unsold properties held for resale - at cost

0

15 Consumer Debtors

Balances at 30 June 2007

Service debtors

Rates

Electricity

Other

Total

Gross Balance	Provision for doubtful debts	Net balance
R	R	R
4,673,217	4,547,851	125,366
189,106	180,589	8,517
4,862,323	4,728,440	133,883

Balances at 30 June 2006

Service debtors

Rates

Electricity

Other

Total

4,241,311	4,241,311	0
166,330	31,495	134,835
4,407,641	4,272,806	134,835

Rates: Ageing

Current (0 - 30 days)

31 - 60 days

61 to 90 days

91 - 120 days

121 days and over

Total

36,747	36,626
36,400	36,604
36,323	36,368
36,323	36,243
4,527,424	4,095,470
4,673,217	4,241,311

Electricity and other : Ageing

Current (0 - 30 days)

31 - 60 days

61 to 90 days

91 - 120 days

121 days and over

Total

(20,299)	(17,132)
2,286	2,247
2,200	2,137
3,903	1,741
201,016	177,337
189,106	166,330

MSINGA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Summary of debtors by customer classification

	Domestic and other Consumers R	Industrial / Commercial R	Government R
Balances at 30 June 2007			
Current (0 - 30 days)	16,448		
31 - 60 days	38,686		
61 to 90 days	38,523		
91 - 120 days	40,226		
121 days and over	4,728,440		
Total	4,862,323		

	Domestic and other Consumers R	Industrial / Commercial R	Government R
Balances at 30 June 2006			
Current (0 - 30 days)	19,494		
31 - 60 days	38,851		
61 to 90 days	38,505		
91 - 120 days	37,984		
121 days and over	4,272,807		
Total	4,407,641		

	<u>2007</u> R	<u>2006</u> R
16 Other Debtors		
Short term loans	1,121,020	1,534,306
Payments made in advance		
Insurance claims		
Government subsidies		
Other	171,117	236,676
Total other debtors	1,292,137	1,770,982

17 Call Investment Deposit		
Other deposits	37,912,477	31,829,131

18 Bank, Cash and Overdraft Balances

The Municipality has the following bank accounts:

Current account (Primary bank account)

Absa Bank - Newcastle Branch

Account number - 4053635886

Cash book balance at beginning of year	4,678,369	2,547,090
--	-----------	-----------

Cash book balance at end of year	16,628,551	4,678,369
----------------------------------	------------	-----------

Bank statement balance at beginning of year	5,165,199	3,926,266
---	-----------	-----------

Bank statement balance at end of year	17,082,846	5,165,199
---------------------------------------	------------	-----------

MSINGA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	<u>2007</u> R	<u>2006</u> R
19 Property Rates		
Actual		
Residential		
Commercial		
State		
Other		
Total assessment rates	441,045	514,677
Valuations		
Residential		
Commercial		
State		
Total property valuations		0
20 Service Charges		
Refuse removal	20,940	27,685
	20,940	27,685
21 Government Grants and Subsidies		
Equitable share	28,968,471	23,456,360
Skills subsidy	31,805	
Conditional grants utilised to finance property, plant and equipment	6,765,254	
Conditional grants utilised to finance operating expenses	1,265,698	
Planning grant	37,031,228	23,456,360
Refer Appendix F		
22 Other Income		
Investment income	3,580,170	2,505,531
Other income		287,524
	3,580,170	2,793,055
23 Employee Related Costs		
Employee related costs - salaries and wages	4,158,993	3,399,535
Employee related costs - contributions to UIF, pension and medical costs	416,165	593,987
Travel, vehicle, accommodation, subsistence and other allowances	581,926	810,472
Housing benefits and allowances		
Overtime payments	22,364	57,736
Performance bonus		
Long service awards		312,033
Sub-total	5,179,448	5,173,763
Less: Employee costs allocated to Property, Plant and Equipment		
Less: Employee costs included in other expenses		
Total employee related costs	5,179,448	5,173,763

There were no advances to employees. Loans to employees are set out in note 13.

MSINGA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	<u>2007</u> R	<u>2006</u> R		
Remuneration of the Municipal Manager				
Annual remuneration	337,607	535,632		
Performance bonus				
Car allowance	120,000			
Contributions to Medical and Pension Funds	41,040			
Remuneration of the Chief Financial Officer				
Annual remuneration	456,140	426,384		
Performance bonus				
Car allowance				
Contributions to Medical and Pension Funds				
Remuneration of other managers				
2007				
	Corporate Services R	Engineering Services R	Director Development R	
Annual remuneration	231,887	213,793		
Performance bonus		39,650		
Car allowance	84,000	72,000		
Contributions to Medical and Pension Funds				
2006				
Annual remuneration	335,987	303,979	284,209	
Performance bonus				
Car allowance				
Contributions to Medical and Pension Funds				
24 Remuneration of Councillors				
Mayor	188,962			
Deputy Mayor	154,538			
Speaker	157,580			
Executive committee members	755,416			
Councillors	2,491,287			
	<u>3,747,783</u>	<u>2,118,937</u>		
In - kind benefits				
The Mayor and the Speaker are provided with an office and secretarial support at the cost of Council.				
The Mayor has use of a Council owned vehicle for official duties				

MSINGA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	<u>2007</u> R	<u>2006</u> R
25 Interest Paid		
Finance leases		0
26 Bulk Purchases		0
27 Grants and Subsidies Paid		
ESCOM power lines	4,872,618	
Department of education	242,681	
	<u>5,115,299</u>	<u>2,110,284</u>
28 General Expenses		
Detail extraordinary and/or unforeseen expenses		
29 Change in Accounting Policy- Implementation of GRAP		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP :		
29.1 Statutory funds		
Balance previously reported		
Asset Financing Fund	<u>689,004</u>	
	<u>689,004</u>	
Implementation of GRAP		
Transferred to Capital Replacement Reserve	<u>689,004</u>	
	<u>689,004</u>	
29.2 Non - distributable reserves		
Balance previously reported		
Utilised capital receipts	17,749,087	
Unutilised capital receipts	3,421,890	
	<u>21,170,977</u>	
Implementation of GRAP		
Transferred to Government Grant Reserve - see note 29.6	17,749,087	
Transferred to Unspent Conditional Grants and Receipts - see note 29.5	3,421,890	
	<u>21,170,977</u>	
29.3 Provisions		
Balance previously reported		
Leave	204,660	
Implementation of GRAP		
Transferred to Creditors - see note	<u>204,660</u>	
	<u>0</u>	

MSINGA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	<u>2007</u> R	<u>2006</u> R
29.4 Creditors		
Balance previously reported	12,717,180	
Implementation of GRAP		
Transferred from Provisions - see note 29.3	204,660	
Transferred to Unspent Conditional Grants and Receipts - see note 29.5	(10,756,858)	
Transferred to VAT due	(18,970)	
	<u>2,146,012</u>	
29.5 Unspent conditional grants and receipts		
Balance previously reported	0	
Implementation of GRAP		
Transferred from Non - distributable reserves - see note 29.2	3,421,890	
Transferred from Creditors - see note 29.4	10,756,858	
	<u>14,178,748</u>	
29.6 Government Grant Reserve		
Balance previously reported	0	
Implementation of GRAP		
Transferred from Non - distributable Reserves - see note 29.2	<u>17,749,087</u>	
With reference to GRAP3 the opening balances have been restated. The transactions could not be restated as the system could not be changed to rectify transactions in history		
30 CASH GENERATED BY OPERATIONS		
Surplus (deficit) for the year	13,645,208	5,248,740
Adjustment for :		
Prior year	520,563	
Depreciation	2,628,250	1,949,279
Gain on disposal of property, plant and equipment		
Contributions to provisions- non-current		
Contributions to provisions - current		
Contributions to bad debt provision		
Housing operating transactions		
Investment income	(3,351,401)	(2,432,535)
Interest paid		
Operating surplus before working capital changes	13,442,620	4,765,484
(Increase) decrease in debtors	479,796	(205,954)
(Increase) decrease in other debtors	977,943	
Increase (decrease) in conditional grants and receipts	7,923,715	3,954,936
Increase (decrease) in creditors	(369,263)	768,773
(Increase) decrease in inventories		
Increase (decrease) in VAT	2,377	
Increase (decrease) in provisions		(87,714)
	<u>22,457,188</u>	<u>9,195,525</u>

MSINGA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	<u>2007</u> R	<u>2006</u> R
31 Cash and Cash Equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following amounts:		
Bank balances and cash	16,628,551	4,678,369
Bank overdraft		
	<u>16,628,551</u>	<u>4,678,369</u>
Additional Disclosures in Terms of Municipal Finance Management Act		
31.1 Contributions to organised local government		
Opening balance		
Council contributions	-	60,580
Amount paid - current year	-	60,580
Amount paid - previous years		
Balance unpaid (included in creditors)		
31.2 Audit fees		
Opening balance		
Current year audit fee	319,195	215,349
Amount paid current year	319,195	215,349
Amount paid - previous years		
Balance unpaid (included in creditors)		
31.3 VAT		
Opening balance	18,970	
Current year output VAT		
Current year input VAT	2,377	18,970
Amount paid - current year		
Amount refunded by SARS - current		
Amount due to SARS - included in creditors	<u>21,347</u>	<u>18,970</u>
All VAT returns have been submitted by the due date.		
The council has commissioned consultants to audit VAT. It is anticipated that this audit will be completed in January 2008 where after the accounting records will be adjusted to reflect the correct amount due/payable to SARS. No input vat was claimed.		
31.4 PAYE and UIF		
Opening balance		
Current year payroll deductions and		
Council UIF contributions	995,298	604,305
Amount paid - current year	995,298	604,305
Amount paid - previous years		
Balance unpaid (included in creditors)		
31.5 Pension and medical aid deductions		
Opening balance		
Current year payroll deductions and		
Council contributions	708,323	892,666
Amount paid - current year	708,323	892,666
Amount paid - previous years		
Balance unpaid (included in creditors)		0

MSINGA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

31.6 Councillors arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at :

30 June 2006	Total	Outstanding less than 90 days	Outstanding more than 90 days	
30 June 2007	Total	Outstanding less than 90 days	Outstanding more than 90 days	
			<u>2007</u>	<u>2006</u>
			R	R

32 Capital Commitments

Commitments in respect of capital expenditure:

- approved and contracted for			
Infrastructure		1,200,000	
Community			
Heritage			
Other			
Housing Development Fund			
Investment properties			
- approved but not yet contracted for			
Infrastructure		10,647,000	8,300,000
Community			300,000
Heritage			
Other		300,000	570,000
Housing Development Fund			
Investment properties			

This expenditure will be financed from

- capital replacement reserve
- government grants
- own resources
-

33 Retirement Benefit Information

Certain Councillors and Certain employees belong to defined benefit retirement funds administered by the Natal Joint Municipal Pension Fund. These funds are subject to a triennial actuarial valuation. The last valuation was performed in 2005

33.1 Superannuation Fund

The actuarial value of total assets was R219,5 million less than the actuarial value of the liabilities for service of members to that date and for pensioners, made up as follows

MSINGA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

- 33.1.1. surplus of R5,2 million in respect of pensioners (funding level 100,5%)
- 33.1.2. deficit of 224,7 million in respect of members (funding level 85,5%)
- 33.1.3. the fund was thus 91,6% funded
- 33.1.4. the fund did not hold an investment reserve.
- 33.1.5. the total contribution rate payable, including the surcharge by and on behalf of members, exceeded that required for future service by 1,0% of member's pensionable emoluments, or about R6,5 million a year
- 33.1.6. An additional contribution by way of a surcharge amounting to 6% of salaries with effect from 1 July 2006 will be imposed on the municipality.

33.2 Retirement Fund

The actuarial value of total assets was R190,0 million less than the actuarial value of the liabilities for service of members to that date and for pensioners, made up as follows

- 33.2.1. surplus of R12,9 million in respect of pensioners (funding level 104,1%)
- 33.2.2. deficit of R202,9 million in respect of members (funding level 69,0%)
- 33.2.3. the fund was thus 80,5% funded
- 33.2.4. the fund did not hold an investment reserve
- 33.2.5. the total contribution rate payable (including the surcharge of 12% payable jointly by pre-1 July 2002 members and by employers on their behalf) exceeded that required for future service by 12,09% of members pensionable emoluments.
- 33.2.6. An additional contribution by way of a surcharge will be increased from a total of 12% to a total of 14% of salaries with effect from 1 July 2006 for a period of four years (the additional contributions apply only in respect of members who joined the Fund prior to 1 July 2002) as the excess contributions currently being paid are insufficient to restore the fund to a fully-funded position by 2010.

34 Contingent Liabilities

APPENDIX A

MSINGA LOCAL MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AT 30 JUNE 2007

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/2006 R	Received during the year R	Redeemed or written off during the year R	Balance at 30/06/2007 R	Carrying value of property plant & equip. R
TOTAL							

APPENDIX B

MSINGA LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2007

	Opening Balance	Additions	Cost/ Revaluation Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Accumulated Depreciation Disposals	Closing Balance	Carrying Value	Budget Additions 2007
	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings											
Land											
Buildings	6,011,038	1,444,382			7,455,420	360,112	263,315		623,427		
	6,011,038	1,444,382	0	0	7,455,420	360,112	263,315	0	623,427	0	
Infrastructure											
Storm water drainage											
Roads	7,266,109	6,086,247			13,352,356	1,539,668	869,473		2,409,141		
	7,266,109	6,086,247	0	0	13,352,356	1,539,668	869,473	0	2,409,141	0	
Community Assets											
Sports facilities	4,622				4,622	3,849	371		4,220		
	4,622	0	0	0	4,622	3,849	371	0	4,220	0	
Other Assets											
Refuse disposal site	1,531,890				1,531,890	1,214,599	152,300		1,366,899		
Taxi rank	948,004				948,004	789,356	76,151		865,507		
Fencing	584,030				584,030	287,820	132,017		419,837		
Air conditioners	134,252				134,252	57,535	19,179		76,714		
Office and computer equipment	1,567,988	85,392			1,653,380	757,413	316,600		1,074,013		
Furniture and fittings	536,189	13,268			549,457	169,846	53,114		222,960		
Machinery and equipment	167,230				167,230	132,829	9,279		142,108		
Cell phones & radios	2,151				2,151	1,290	430		1,720		
Motor vehicles	5,238,384	273,828			5,512,212	929,896	736,021		1,665,917		
	10,710,118	372,488	0	0	11,082,606	4,340,584	1,495,091	0	5,835,675	0	
Total	23,991,887	7,903,117	0	0	31,895,004	6,244,213	2,628,250	0	8,872,463	0	

APPENDIX C

MSINGA LOCAL MUNICIPALITY : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2007

	Cost/ Revaluation				Accumulated Depreciation				Carrying	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R
Executive and Council	1,730,645	297,793			2,028,438	675,596	380,270		1,055,866	
Finance and Admin	6,013,640	1,519,077			7,532,717	813,064	326,587		1,139,651	
Planning and Development										
Health										
Community & Social Services	2,012,729				2,012,729	498,694	212,111		710,805	
Housing										
Public Safety	9,680				9,680	8,096	1,462		9,558	
Sport and Recreation										
Environmental Protection										
Waste Management	2,320,185				2,320,185	1,454,219	265,860		1,720,079	
Road Transport	11,866,826	6,086,247			17,953,073	2,779,983	1,437,103		4,217,086	
Other	38,183				38,183	14,562	4,856		19,418	
					0					
	23,991,888	7,903,117	-	-	31,895,005	6,244,214	2,628,249	-	8,872,463	

APPENDIX D

**MSINGA LOCAL MUNICIPALITY : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2007**

2006	2006	2006		2007	2007	2007
Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R		Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R
26,502,919	14,245,412	12,257,507	Executive and Council	40,865,271	19,281,275	21,583,996
138,334	2,764,064	(2,625,730)	Finance and Admin	108,807	3,137,172	(3,028,365)
0	498,778	(498,778)	Planning and Development	0	535,080	(535,080)
0	111,937	(111,937)	Health	0	131,624	(131,624)
112,098	1,248,274	(1,136,176)	Community & Social Services	78,364	770,192	(691,828)
0	0	0	Housing	0	0	0
0	1,109,052	(1,109,052)	Public Safety	0	934,220	(934,220)
0	0	0	Sport and Recreation	0	0	0
0	0	0	Environmental Protection	0	0	0
27,686	370,617	(342,931)	Waste Management	20,939	445,330	(424,391)
0	1,093,627	(1,093,627)	Road Transport	0	2,089,470	(2,089,470)
0	0	0	Water	0	0	0
0	0	0	Electricity	0	0	0
0	90,483	(90,483)	Other	0	103,811	(103,811)
		0				0
<u>26,781,037</u>	<u>21,532,244</u>	<u>5,248,793</u>	Sub – total	<u>41,073,381</u>	<u>27,428,174</u>	<u>13,645,207</u>
Less : Inter departmental charges						
<u>26,781,037</u>	<u>21,532,244</u>	<u>5,248,793</u>		<u>41,073,381</u>	<u>27,428,174</u>	<u>13,645,207</u>

APPENDIX E (1)

MSINGA LOCAL MUNICIPALITY : ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

	2007	2007	2007	2007	Explanation of significant variances
REVENUE	Actual	Budget	Variance	Variance	
	R	R	R	%	
Property rates	441,045	50,000	391,045	782,10	
Property rates - penalties imposed and collection charges	0	0	0	0,00	
Service charges	20,940	0	20,940	0,00	
Rental of facilities and equipment	208,291	21,380	186,911	874,25	
Interest earned - external investments	3,351,401	1,450,000	1,901,401	131,13	
Interest earned - outstanding debtors	20,478	20,000	478	2,38	
Income for agency services			0		
Government grants and subsidies	37,031,228	28,259,014	8,772,214	31,04	
Other income	0	0	0	0,00	
Public contributions, donated and contributed property, plant and equipment					
Gain on disposal of property, plant and equipment					
Total Revenue	41,073,383	29,800,394	11,272,989		
EXPENDITURE					
Employee related costs	5,179,448	6,155,416	(975,968)	15,85	
Remuneration of Councillors	3,747,783	3,837,058	(89,275)	2,32	
Bad debts	1,433,576	617,980	815,596	132	
Collection costs	0	0	0	0,00	
Depreciation	2,628,250	1,740,000	888,250	51	
Repairs and maintenance	538,807	310,636	228,171	73,45	
Interest paid	0	0	0	0,00	
Bulk purchases	0	0	0	0,00	
Contracted services	918,922	1,193,400	(274,478)	22,99	
Grants and subsidies paid	5,115,299	6,150,000	(1,034,701)	16,82	
General expenses	7,866,090	9,835,675	(1,969,585)	17,56	
Loss on disposal of property, plant and equipment					
Total Expenditure	27,428,175	29,840,165	(2,411,990)		
Surplus (Deficit) for the year	13,645,208	(39,771)	13,684,979		

MSINGA LOCAL MUNICIPALITY : ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual	2007 Under Construction	2007 Total Additions	2007 Budget	2007 Variance	2007 Variance	Explanation of significant variances
	R	R	R	R	R	%	
Land and Buildings							
Land							
Buildings	765,374		765,374	1,800,000	-1,034,626	-58	
	765,374		765,374	1,800,000	-1,034,626		
Infrastructure							
Storm water drainage							
Roads	6,086,244		6,086,244	6,800,000	-713,756	-11	
Electricity reticulation			0		0		
	6,086,244		6,086,244	6,800,000	-713,756		
Community Assets							
Parks and gardens							
Curio centre	118,337		118,337		118,337	100	
Libraries	560,670		560,670		560,670	100	
	679,007		679,007		679,007		
Heritage Assets							
Museum			0		0		
			0		0		
Leased Assets							
Infrastructure			0		0		
			0		0		
Other Assets							
Refuse transfer station							
Office equipment	85,387		85,387	100,000	-14,608	-15	
Furniture and fittings	13,268		13,268	150,000	-136,732	-92	
Bins and containers			0		0		
Motor vehicles	273,828		273,828	320,000	-46,172	-15	
Computer equipment			0		0		
	372,483		372,483	570,000	-197,512		
Total	7,903,108		7,903,108	9,170,000	-1,266,887	-14	

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA , ACT 56 OF 2003

Description	Name of organ of State	Unspent balance at 1 July 2006 R	Received 2006/2007 R	Expenditure 2006/2007 R	Transfer 2006/2007 R	Unspent balance at 30 June 2007 R	Grants delayed/ withheld R	Reason for delaying/ withholding funds	Compliance with grant YES/NO
Grants - general	Unspecified	60,000			162,178	222,178			YES
CMIP - refuse		108,043			(108,043)	0			YES
Equitable share		50,242	1,087,621	1,137,863		0			YES
Grant - construction of shelters	District Council	3,144,000				3,144,000			YES
Grant -Information Technology	Prov. Govmt	59,606			(59,606)	0			YES
Transition grant		3,689,734				3,689,734			YES
Municipal support grant		2,159,692	400,000	85,956		2,473,736			YES
Tourism grant		573,279	567,467	679,007		461,739			YES
Grants - general		959,610		21,660		937,950			YES
Grant -Integrated development plan		250,000		2,200		247,800			YES
Finance Management grant		500,000	500,000	278,405	(520563)	201,032			YES
Implementation of M F M Act		145,000				145,000			YES
Property rates grant		233,125	100,000			333,125			YES
Inter departmental monitoring grant		100,000				100,000			YES
Grant - LUMS		237,223				237,223			YES
Grant - Project Consolidate		894,500		7,085		887,415			YES
Grant - community development workers		198,299		24,622		173,677			YES
MSIG grant		650,857	734,000	302,260		1,082,597			YES
Housing grant - Pomeroy project		40,539		46,009	5,470	0			YES
Grant - LED capacity building		125,000				125,000			YES
Lottery- Pomeroy sportfield			478,610			478,610			YES
Internal control & Audit committee			150,000			150,000			YES
HR System & public participation			387,000			387,000			YES
Housing grant - Kwalatha project			497,500	497,500		0			YES
Resol phase 1			145,000			145,000			
Info Investment programme			200,000			200,000			
E - Learning			1,000,000			1,000,000			
Electrification programme			2,200,000			2,200,000			
MIG-Roads			9,165,893	6,086,246		3,079,647			
		14,178,749	17,613,091	9,168,813	(520,564)	22,102,463			